REMARKS

This Amendment and Request for Reconsideration is submitted in response to an outstanding Office Action dated June 10, 2005, the shortened statutory period for response set to expire on September 10, 2004. Accordingly, a Petition and Fee for Extension of time are included herewith.

I.   Status of the Claims

Claims 1-56 are pending in the application. Claims 1, 11 - 15, 23 – 25, 33 – 34, 42, 43, and 51 – 56 are independent claims. Please amend the claims by adding new claims 55 and 56 as indicated above.

Applicant has amended the specification to account for a typographical error in the equation at Page 8, line 7. No new matter has been added. Specifically, in the equation at Page 8, line 7 a quotation mark had been accidentally printed in place of a superscript "n" following the parenthetical "$(1 + rate)$" in the equation.

Applicants acknowledge the Examiner's citation of statutory authority as a basis for claim rejections.

II.   Rejections under 35 U.S.C. § 101

In the Office Action dated June 10, 2005, claims 1 – 11 and 14 – 54 have been rejected under 35 U.S.C. § 101 on the bases that the claimed invention is directed to non-statutory subject matter, that the claims lack technology which "must be claimed in a nontrivial manner", and that the "software code of claim 11 is nonstatutory as it is not embedded on a tangible medium." Office Action at ¶1, page 2.

Applicant submits that the subject matter of claims 1 – 11 and 14 – 54 meet the requirements of 35 U.S.C. § 101 and are not claimed in a trivial manner. Applicant are unable to discern from the Office Action the basis for the objection that the technology "must be claimed

in a nontrivial manner." Applicant respectfully requests that the Examiner identify authority to

support the stated requirement that claims contain "technology" and that the inventions "must be

claimed in a nontrivial manner." Alternatively, applicant respectfully requests that the Examiner

withdraw the rejection.

Applicant further submits the claimed subject matter is statutory because the

invention as a whole produces a "useful, concrete and tangible result." State Street Bank & Trust

Co. v. Signature Financial Group, Inc., 149 F.3d 1368, 1973, 47 USPQ2d 1596 (Fed. Cir. 1998).

The technology employed is a new and useful process which consists of a series of steps or acts

to be performed. MPEP § 2106(IV)(A); see also 35 U.S.C. § 100(b)("The term 'process' means

process, art, or method, and includes a new use of known process ..."). The instant methods are

practical applications of functional financial processes and as such constitute inventions in the

field of financial technology.

Applicant submits that the methods of claims 1 - 10 and 14 - 54 produce a "useful,

concrete and tangible result." The instant invention provides a useful, concrete and tangible

result by, among other things, providing a process that enables the trading of financial instrument

not heretofore known to the field of financial technology. By issuing a new exchangeable

security which delivers an underlying and existing security or basket of securities at a forward

date, and holding the new exchangeable security for a minimum time period, participants of the

transaction receive a tangible benefit. For example, an investor can obtain more than the return

of the underlying security. In addition, an offeror can receive a benefit from the financial method

by receiving a nominal amount as part of the calculated payment amount which the investor is

willing to pay to receive the benefit of the new exchangeable security. The claimed financial

methods define structural and/or functional interrelationships between the financial methods and

other aspects of the invention which permit the financial method's functionality to be realized.

Thus, the processing of data in conjunction with the financial processes are statutory since these processes are applied to a claimed practical application.

Furthermore, applicant submits that the Examiner's stated basis for the objection that "software code of claim 11 is nonstatutory as it is not embedded on a tangible medium" is improper since claim 11 does contain statutory subject matter. Specifically, the computer executable software code of claim 11 produces a "useful, concrete and tangible result." The claimed computer-readable medium transmitted as an information signal (claim 11) defines functional interrelationships permitting the functionality of financial operations to be realized, and is therefore useful and proper statutory subject matter under 35 U.S.C. § 101. *See* MPEP § 2106 (IV)(B)(1)(a).

Applicant respectfully directs the Examiner's attention to claims 84, 85, and 86 of U.S. Patent No. 6,513,020, which issued on January 28, 2003 ("the '020 patent"). Those claims are directed to "A computer data signal embodied in a carrier wave and representing instructions for execution by a computer ...". Accordingly, Applicant also submits that claim 11 contains statutory subject matter based upon U.S. Patent Office practice.

Indeed, in its examination of the scope of 35 U.S.C. § 101, the Federal Circuit has ruled that "[w]ithout question, software code alone qualifies as an invention eligible for patenting, at least as processes." *Eolas Techs. Inc. v. Microsoft Corp.*, 339 F.3d 1325, 1338 - 1339 (Fed. Cir. 2005)).

Thus, Applicant respectfully requests withdrawal of the rejection.

III.   Rejections under 35 U.S.C. § 112

In the Office Action dated June 10, 2005, claims 1 – 54 have been rejected under 35 U.S.C. § 112 ¶2 on the basis that the claims are allegedly indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Office

Action at ¶2, page 2.

Specifically, the Examiner indicated that the step of "offering an exchangeable security at the discounted price of the underlying security" is vague and indefinite and that the method of discounting is allegedly vague and indefinite. Office Action at 2.

Applicant submits that claims 1 – 54 are neither vague nor indefinite since, when interpreted in light of the disclosure, they reasonably apprise a person of ordinary skill in the art of the invention. See MPEP § 2106(V)(A)(2)(the definiteness of the language must be analyzed "in light of the teachings of the disclosure as it would be interpreted by one of ordinary skill in the art."). As a non-limiting example, the specification provides that the "discount may be a percentage of the market or spot price of the underlying security, such as one half of one percent, or it may be a fixed amount, such as fifty cents." Specification at 13. In addition, the instant invention provides for at least three variations for offering an exchangeable security at a discounted price of the underlying security. See, e.g., Specification at 7. Additional non-limiting examples are also provided. See Specification at 18 – 20; Table 2. Accordingly, it is submitted that the step of "offering an exchangeable security at the discounted price of the underlying security" is neither vague nor indefinite.

The Examiner also indicated that "the exchangeable security priced at the price of the discounted security is vague. How is price determined[?] Also, in the claims, 'calculating a payment amount' is vague." Office Action at 2.

In addition to the reasons stated above, one non-limiting example is provided wherein "at issue of the new exchangeable security, the investor pays a discount to the spot or market price of the underlying security or basket of securities … ." Specification at 7. In addition, methods and non-limited examples of calculating a redemption value of the exchangeable security at maturity are specifically provided. See Specification at 7 – 10; 18 - 21.

Thus, in one embodiment, the price of the discounted security is related to the market price of the underlying security and a discounted amount, which includes a fixed discount or a percentage discount of the underlying security. See, e.g., Specification at 7. Accordingly, applicant respectfully submits that "the exchangeable security priced at the price of the discounted security" is not vague, and that the processes of discounting, and calculating a payment amount are neither vague nor indefinite.

The Examiner indicated that the scope of claim 11 is allegedly vague and indefinite on the basis that "it is not clear how each of these steps are determined." Office Action at 2.

Claim 11 is a product claim related to computer executable code. Applicant submits that claim 11 is neither vague nor indefinite in light of the specification for the same reasons discussed above. Specifically, the specification provides examples of the calculations and their relationship to steps of the process to enable the code elements of the claim. See, e.g., Specification at 13. Accordingly, applicant submits that claim 11 is sufficiently definite to reasonably apprise a person of ordinary skill in the art of the invention.

The Examiner indicated that "calculating a linked payment" is allegedly vague and indefinite, and that "[i]t is not clear how the payment is calculated or how it is linked." Office Action at 2.

A non-limiting example of "the linked payment in the amount calculated at step 304" is provided in the specification as "an additional payment amount, which will be paid at maturity of the exchangeable security. The payment amount may be a percentage of the offer or issue price of the exchangeable security, such as one half of one percent, or it may be a fixed amount. In one embodiment, the payment amount is between $0.50 and $1.00." Specification at 13 -14. In addition, a linked payment, if any, depends on how the exchangeable security is

structured. For example, at issue of the new exchangeable security, a participant in the transaction can pay a discount to the market price of the underlying security to obtain the exchangeable security along with the promise of receiving the underlying security at maturity. Alternatively, at issue of the new exchangeable security, a participant in the transaction can pay the market price of the underlying security to obtain the exchangeable security along with the promise of receiving the underlying security at maturity plus an additional payment. As another non-limiting example, at issue of the new exchangeable security, a participant in the transaction can pay a discount to the market price of the underlying security to obtain the exchangeable security along with the promise of receiving the underlying security at maturity plus an additional payment. See, e.g., Specification at 7; Table 2.

Accordingly, applicant submits that claims 1 – 54 reasonably apprise a person of ordinary skill in the art of the invention and are neither vague nor indefinite, and respectfully requests withdrawal of the rejection of claims 1-54 under 35 U.S.C. § 112.

IV.   Rejections under 35 U.S.C. § 102

In the Office Action dated June 10, 2005, claims 1 – 54 have been rejected under 35 U.S.C. § 102 on the alleged basis that the subject matter of the claims are anticipated by http://www/cme.edu. Office Action at ¶¶ 3 & 4, page 3. Specifically, included in the Office Action are six (6) pages apparently selected by the Examiner from http://www/cme.edu. (hereinafter "six (6) selected pages of http://www/cme.edu").

In addition, the Examiner has taken "official notice that the trading systems, the clearing house mechanisms, the cash flow calculations, the timing options, and the monitoring of the claimed invention are inherent in the art of futures." Office Action at ¶ 4, page 3.

It is respectfully submitted that the Examiner has not met his burden with respect

to the rejection of claims 1-54 under 35 U.S.C. § 102. The reference cited by the Examiner (six

(6) pages of which selected by Examiner) relates only generally to the field of financial

technology, and do not suggest nor disclose the claimed inventions as set forth more specifically

below. In addition, 37 C.F.R. 1.104 provides that "[w]hen a rejection in an application is based

on facts within the personal knowledge of an employee of the Office, the data shall be as specific

as possible, and the reference must be supported, when called for by the applicant, by the

affidavit of such employee…". Accordingly, applicant respectfully requests such an affidavit, or

alternatively requests the Examiner to withdraw the rejection based upon official notice.

Claims 1, 11 - 15, 23 – 25, 33 – 34, 42, 43, and 51 – 54 are independent claims

and are addressed below.

A.   Claims 1 – 10 are not Anticipated

Claim 1 is not anticipated by six (6) selected pages of http://www/cme.edu, and/or

Examiner's official notice, for at least the reason that the references do not disclose nor suggest

determining a discount price of an underlying security at a first time; offering an exchangeable

security at the discounted price of the underlying security; calculating a payment amount;

delivering the payment amount at a second time; and exchanging a share of the underlying

security for a share of the exchangeable security at the second time, the second time after the first

time, as provided by claim 1. Applicant respectfully submits that the claimed inventions are not

inherent in the art of futures and are indeed novel. Claims 2 – 10 depend from claim 1, and for at

least the above stated reasons, claims 2 – 10 are also not anticipated by six (6) selected pages of

http://www/cme.edu and/or Examiner's official notice.

B.   Claims 11 – 54 are not Anticipated

Similarly, claims 11 - 54 are also not anticipated by six (6) selected pages of

http://www/cme.edu, and/or Examiner's official notice, for at least the reasons discussed above.

Specifically, the references do not disclose nor suggest determining a discount price of an underlying security at a first time; offering an exchangeable security at the discounted price of the underlying security; calculating a payment amount; delivering the payment amount at a second time; and exchanging a share of the underlying security for a share of the exchangeable security at the second time, the second time after the first time; where such actions are provided by computer executable program code, by a programmed computer, by a method of offering and exchanging, or by other financial methods.

At least for these reasons, Applicant respectfully submits that all of the rejected claims are allowable over the cited references and asks that the § 102 rejections be withdrawn.

V.   Request for Reconsideration

Applicant respectfully submits that the claims of this application are in condition for allowance. Accordingly, reconsideration of the application and allowance is requested.
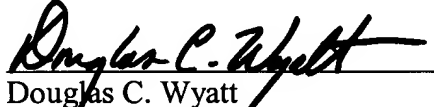
Applicant is amenable to scheduling a meeting with the Examiner and the inventor to explain the invention if the Examiner believes this may assist the Examiner in his examination of this application. Alternatively, if a conference would assist in placing this application in better condition for allowance, the undersigned would appreciate a telephone call at the number indicated below.

VI.   Authorization and Petition for Extension of Time

Applicant includes herewith a petition for an extension of time. In the event that

the Commissioner finds that a further extension of time is required, or an additional fee is

required, the undersigned hereby petitions for the additional extension of time and authorizes the

Commissioner to charge any require fee, or credit any overage to the Deposit Account of

Milbank Tweed (13-3250). A duplicate of this page is included.

Respectfully submitted,
Milbank, Tweed, Hadley & McCloy LLP

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